



One Hundred Ninth Congress
U.S. House of Representatives
Committee on Homeland Security
Washington, DC 20515

October 21, 2005

The Honorable Richard L. Skinner
Inspector General
Office of the Inspector General
Department of Homeland Security
Washington, D.C. 20528

Dear Inspector General:

On October 20, 2005, a story appearing in the *Washington Post*¹ raised concerns about large companies that may be improperly defined as small businesses to obtain favorable treatment in the award of federal contract dollars.

While the *Washington Post* article referenced several companies, one company stood out, Corporate Express. According to the article, Corporate Express, a company with over 10,000 employees, had been awarded a contract for almost \$1 million under the small business designation. To be precise, this contract, HSFE06-05-P-7683, was awarded by the Federal Emergency Management Agency (FEMA) on September 27, 2005. Under the award, FEMA acquired printer supplies from a Corporate Express location in Baton Rouge, Louisiana for \$861,306. Because the number and type of printing supplies that may have been purchased is not delineated, it is unclear whether the price paid was a fair and reasonable value.

When asked to explain this apparent anomaly, a representative of Corporate Express, indicated to the Post that someone with the company had “accidentally entered incorrect employment and revenue figures in a government database.”

Given the need to rapidly establish and equip temporary offices to respond to the immediate needs of victims of Hurricane Katrina, a clerical mistake in the midst of this unprecedented disaster could possibly be plausible.

Today, however, I am writing to you to request an investigation of this company’s designation because several significant facts have come to light which tend to detract from the likelihood that their designation as a small business was the result of an inadvertent clerical error.

- 1) According to its website, *Corporate Express, Inc.* is one of the world’s largest business-to-business suppliers of office and computer products and services.

¹ “Refinancing Small”, *Washington Post*, October 20, 2005, D01

The company is incorporated in the Netherlands and has operations in 17 countries, including the United States. In 2004 alone, the North American division of the Company had sales of approximately \$4.5 billion. Clearly, no definition of "small" would include this company.

- 2) Corporate Express has over 300 locations with over 40 distribution centers throughout the world. Such an extensive corporate global presence makes it rather unlikely that such an obvious clerical error could have remained uncorrected prior to the company's submission of its response to a solicitation. It is reasonable to believe that part of the due diligence process for a company of this size would include internal review of all business documents intended for external submission.
- 3) Moreover, it would seem that Corporate Express may have a pattern of designating itself as a small business to gain the benefit that such a designation confers. For instance in FY2002, the Space and Naval Warfare Systems Command (SPAWAR) headquarters of the Department of the Navy named Corporate Express as one of its Top 50 Small Business Prime Contractors. At that time, it does not appear that Corporate Express was a small business. According to the Corporate Express website, the company had acquired substantially all of the US Office Products (USOP) North American office products assets, including certain stand-alone furniture businesses. This acquisition resulted in expected revenues of approximately \$5 billion in North America alone.
- 4) Finally, in 1999, the U.S. Navy awarded a five year, \$57.5 million dollar contract to Corporate Express. This contract was the successor to a similar contract that was awarded to Corporate Express in 1997.

It would seem that from its revenue history, the number of employees and its international presence, Corporate Express is not a small business under any definition currently utilized in the federal procurement lexicon. Therefore, I am asking that you investigate this company to determine whether it has been awarded any other contracts within the Federal government using a small business designation. If your office determines that such a pattern exists for this company, I would like you to advise me of the potential criminal and civil penalties which could result from such conduct. If you have any questions, please contact Jessica Herrera-Flanigan, Minority Staff Director, at (202) 226-2616.

Sincerely,

A handwritten signature in black ink, appearing to read "Bennie G. Thompson". The signature is fluid and cursive, with the first name "Bennie" being more prominent.

Bennie G. Thompson
Ranking Member
House Committee on Homeland Security